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Proposed Attorneys for Debtors and Debtors-in-Possession

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re: USA COMMERCIAL MORTGAGE COMPANY, <div style="text-align: right;">Debtor.</div>	Case No. BK-S-06-10725 LBR Case No. BK-S-06-10726 LBR Case No. BK-S-06-10727 LBR Case No. BK-S-06-10728 LBR Case No. BK-S-06-10729 LBR
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In re: USA CAPITAL REALTY ADVISORS, LLC, <div style="text-align: right;">Debtor.</div>	Chapter 11
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In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, <div style="text-align: right;">Debtor.</div>	APPLICATION FOR AN ORDER AUTHORIZING THE EMPLOYMENT OF HILCO REAL ESTATE LLC/HILCO REAL ESTATE APPRAISAL, LLC AS DEBTORS' REAL ESTATE APPRAISER (AFFECTS ALL DEBTORS)
In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, <div style="text-align: right;">Debtor.</div>	

In re: USA SECURITIES, LLC, <div style="text-align: right;">Debtor.</div>	Date: June 5, 2006 Time: 9:30 a.m.
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Affects: <input checked="" type="checkbox"/> All Debtors <input type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC <input type="checkbox"/> USA First Trust Deed Fund, LLC
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Debtors USA Commercial Mortgage Company ("USA Mortgage"), USA Securities, LLC ("USA Securities"), USA Capital Realty Advisors, LLC ("USA Realty"), USA Capital Diversified Trust Deed Fund ("USA Diversified"), and USA Capital First Trust Deed Fund ("USA First") (collectively referred to as "Debtors"), by and through their counsel, Ray Quinney & Nebeker P.C. and Schwartzer & McPherson Law Firm, hereby file this Application for an Order Authorizing The Employment Of Hilco Real Estate LLC/Hilco Real Estate Appraisal, LLC As Debtors' Real Estate Appraiser ("Application") in accordance with 11 U.S.C. § 327 and Fed. R. Bankr. P. 2014. The Debtors seek to employ Hilco Real Estate, LLC and Hilco Real Estate Appraisal, LLC (collectively referred to as "Hilco") to provide real estate appraising and related services. This Application is accompanied by the Declaration of Jeffrey W. Linstrom ("Linstrom Declaration") and a proposed Order Authorizing the Employment of Real Estate Appraiser (the "Proposed Order"). A copy of the Linstrom Declaration is attached hereto as Exhibit A. In support of this Application, Debtors represent as follows.

POINTS AND AUTHORITIES

1. On or about April 13, 2006, the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. Upon the filing of the Debtors' voluntary petitions, Mesirow Financial Interim Management, LLC ("Mesirow") was retained as the Debtors' interim crisis/restructuring management and Thomas J. Allison ("Allision") of Mesirow was designated the Debtors' Chief Restructuring Officer.

2. The Debtors' business operations are best described as originating, underwriting, brokering and servicing commercial loans or fractional interests therein. A group of approximately 3,600 investors have made individual investments in loans originated by USA Commercial Mortgage Company ("USACM") and those investors have participated in fractional loans on various real estate development and real property. Two other groups of investors totaling approximately 3,200 investors own membership interests in USA Capital Diversified Trust Deed Fund, LLC ("Diversified Trust Deed Fund") and USA Capital First Trust Deed Fund,

1 LLC ("First Trust Deed Fund"). Those 3,200 investors in the First Trust Deed Fund and the
2 Diversified Trust Deed Fund own membership interests in the two Funds which in turn hold
3 commercial loans, or shares of commercial loans, along with other investors, including some of
4 the individual investors referred to above.

5 3. The Debtors have determined that it is necessary and in the best interest of the
6 estates to employ Hilco to provide real estate and appraisal services. Currently, Mesirow has
7 identified 114 separate loan portfolios which involve a total of approximately 6,800 investors.
8 Some of the loan files contain no appraisals; others contain outdated or unreliable appraisals; still
9 others relate to properties securing non-performing or under-performing loans. In addition, other
10 loans involve properties in which former principals of the Debtors are investors and Mesirow
11 believes it necessary, in some instances, to ascertain the validity and accuracy of appraisals related
12 to those properties. As a critical first step in assessing and preserving the value of the loans
13 serviced by the Debtors—and therefore the value which will be available to investors—Mesirow
14 must have access to current and reliable valuation reports concerning the properties securing the
15 loans. Moreover, in order to negotiate with delinquent borrowers regarding the resumption of
16 interest payments or the completion of principal payments, Mesirow must have available to it
17 current and reliable appraisals of the underlying properties if it is to engage in any type of
18 meaningful negotiations.

19 4. The Debtors do not, however, submit that it is necessary to have full written report
20 valuations on each of the ninety-three (93) properties involved. Indeed, properties securing
21 performing loans, or properties which appear to have been the subject of recent or otherwise
22 relatively reliable appraisals may require a less rigorous valuation report. In those instances, Hilco
23 will be able to produce a reliable valuation report based on information which is publicly
24 available, without the need for a time consuming and expensive site inspection. However, it is
25 important that Mr. Allison and Mesirow be afforded the necessary discretion to determine which
26 type of appraisal, if any, is necessary for each of the ninety-three (93) properties securing the
27 loans.
28

5. In its search for a real estate appraiser, the Debtors have interviewed several nationally-known real estate appraisers to provide appraisal and related services. The Debtors selected Hilco because of its broad national reach in the real estate marketplace, its vast experience in conducting valuations of the various types of properties securing the loans, the variety and scope of services which Hilco can provide, and Hilco's excellent reputation in the industry. Coupled with its substantial national presence, expertise and experience, the Debtors submit that the Hilco proposal is competitive from a cost-standpoint and provides the flexibility necessary to assist Mesirow in determining the value properties securing the loans.

6. Based on the foregoing, the Debtors propose to enter into a Real Estate Consulting and Advisory Services Agreement with Hilco ("Agreement"), subject to Court approval. The Agreement, which is summarized below, sets forth in detail the services, terms and conditions of the Debtors' retention of Hilco. A copy of the Agreement is attached hereto as Exhibit "B."

SUMMARY OF SCOPE OF RETENTION

7. The Debtors request authorization to retain Hilco as the estates' real estate appraiser to provide real estate appraisal and related services. The Agreement contemplates that Hilco may provide the following services for the Debtors:

a. Valuation Services. Hilco will perform valuations of the properties securing the loans serviced by Debtors. Specifically, Hilco will provide a range of valuation reports, as directed by Mr. Allison in his discretion, determined by, among other things, the presence or absence of a current appraisal for a given property, the reliability of any existing appraisal and the payment history and/or status of the loan. As such, Hilco may provide a full written valuation report in conjunction with a site inspection, or it may provide a less rigorous, less detailed valuation using information which is publicly available.

b. Expert Witness, Consulting and Advisory Services. The Agreement also contemplates that Hilco will provide, as requested by the Debtors: (1) expert witness services, including court testimony and deposition testimony, as necessary, on real estate matters; (2) consulting services concerning the status of various properties and real estate issues relating to

delinquent or defaulted loans; and (3) advisory services relating to funding new loans, if any, or funding loans which currently are unfunded or under-funded.

c. Disposition Services. In addition, Hilco will provide, as necessary and as requested by the Debtors, services relating to the disposition of properties which the Debtors acquire through foreclosure, settlement or otherwise. Such services include developing and designing a marketing program, coordinating and organizing bidding procedures to maximize the value realized from the sale of properties, and negotiating sales of properties as directed by the Debtors.

8. The term of the Agreement is one (1) year from the date of execution of the Agreement; provided, however, that Hilco or the Debtors may terminate the Agreement for cause upon thirty (30) days notice, subject to payment to Hilco of fees and expenses then due and owing.

9. Hilco will receive compensation under the Agreement as follows:

a. Valuation Services. For its valuation services, Hilco will be paid a Base Valuation Fee of \$300,000. Included within the Base Valuation Fee is a desk top valuation review of all the real estate projects serving as collateral for the Debtors' loans and a full written valuation report on up to 40 projects. In the event that more than 40 full written valuation reports are requested by the Debtors, Hilco will be paid an additional fee of \$5,000 per valuation report. The Base Valuation Fee will be paid to Hilco in three monthly installments of \$100,000 each, commencing on May 31, 2006 with the last installment due July 31, 2006.

b. Expert Witness, Consulting and Advisory Services. For its expert witness, consulting and advisory services, if any, Hilco will be paid on an hourly rate basis, which hourly rates will depend upon the level of expertise attained by the professional utilized. The rate schedule is as follows:

- (1) Senior Professionals: \$450 per hour
- (2) Midlevel Professionals: \$350-\$400 per hour
- (3) Junior Level Professionals: \$250-\$300 per hour
- (4) Administrative Staff: \$100 per hour

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c. Disposition Services. For its disposition services which Debtors have requested Hilco perform, Hilco will be paid a disposition fee based on a sliding percentage scale of the gross proceeds from the disposition of a property, which fee will be paid out of the gross proceeds at the time of closing of the disposition. Those percentages are as follows: up to \$5,000,000, 5%; \$5,000,001 to \$10,000,000, 4%; \$10,000,001 to \$20,000,000, 3%; over \$20,000,000, 1.5%.

d. Costs. In addition to the foregoing fees, Hilco will be paid its reasonable out-of-pocket expenses incurred in connection with the performance of its duties under the Agreement including, advertising costs, marketing costs, coach airline travel and transportation, out-of-town travel expenses, long distance telephone charges, postage, courier and overnight delivery charges.

10. With respect to fees payable to Hilco for its Valuation and Disposition Services, the Debtors request that Hilco be compensated in accordance with the terms described in the Agreement. Hilco's fees in such regard shall be subject to the standard of review provided in section 328(a) of the Bankruptcy Code and Hilco shall be entitled to be paid for such Services in the amounts and at the times provided under the Agreement by the Debtors without further order of the Court or the necessity of filing any interim or final fee applications.

11. With respect to any Expert Witness, Consulting, and Advisory Services provided by Hilco, Hilco shall keep contemporaneous time records. Compensation will be provided in accordance with the procedures set forth in Sections 330 and 331 of the Bankruptcy Code, the applicable Federal Rules of Bankruptcy Procedure, the local rules of this Court and administrative and other orders as have been entered previously or may be entered by the Court.

Hilco Neither Holds Nor Represents an Adverse Interest

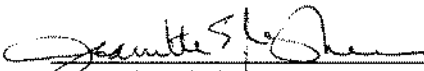
12. Hilco has no connection or relation to the Debtors, the creditors, or any other party in interest, their respective attorneys and accountants, the United States Trustee or any person employed in the office of the United States Trustee. Hilco does not hold any interest adverse in the estate and is a disinterested person. The affidavit of Jeffrey W. Linstrom on behalf of Hilco, setting forth Hilco's connections to parties in the case, is attached hereto as Exhibit "A."

CONCLUSION

13. The Debtors believe it is in the best interest of the estates that Hilco be retained to provide real estate appraisal services and related services for Debtors. It appears from the Declaration of Jeffrey W. Linstrom that Hilco does not hold or represent any other entity having an adverse interest to the Debtors, the estate or unsecured creditors in this case and is otherwise disinterested. Accordingly, Hilco is qualified to be retained by the Debtors and its retention by the Debtors should be approved.

WHEREFORE, the Debtors respectfully request authorization pursuant to 11 U.S.C. §327, and in accordance with Rule 2014(a) of the Federal Rules of Bankruptcy Procedure, to employ Hilco for the purposes and on the terms set forth above and for such other relief as the Court deems just and reasonable.

DATED this 5th day of May, 2006.


Leonard E. Schwartz
Jeanette E. McPherson
SCHWARTZER & MCPHERSON
2850 South Jones Blvd., Suite 1
Las Vegas, Nevada 89146

AND

Annette W. Jarvis (Utah Bar No. 1649)
Steven C. Strong (Utah Bar No. 6340)
RAY QUINNEY & NEBEKER P.C.
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P.O. Box 45385
Salt Lake City, Utah 84145-0385
Proposed Attorneys for Debtors
and Debtors-in-Possession

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EXHIBIT “A”

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 E-Mail: bkfilings@s-mlaw.com
 Attorneys for Debtors

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,

Debtor.

In re:
 USA CAPITAL REALTY ADVISORS, LLC,

Debtor.

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,

Debtor.

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,

Debtor.

In re:
 USA SECURITIES, LLC,

Debtor.

Affects:

- ☒ All Debtors
☐ USA Commercial Mortgage Company
☐ USA Securities, LLC
☐ USA Capital Realty Advisors, LLC
☐ USA Capital Diversified Trust Deed Fund, LLC
☐ USA First Trust Deed Fund, LLC

Case Nos. BK-S-06-10725 LBR
 Case Nos. BK-S-06-10726 LBR
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 Case Nos. BK-S-06-10728 LBR
 Case Nos. BK-S-06-10729 LBR

Chapter 11

**DECLARATION OF JEFFREY W.
 LINSTROM**

Date:
 Time:

1 Jeffrey W. Linstrom, being of lawful age, submits under penalties of perjury, his
 2 Declaration in support of the Debtors' Application for an Order Authorizing the Employment of
 3 Hilco Real Estate, LLC ("Hilco Real Estate") and Hilco Real Estate Appraisal, LLC ("Hilco Real
 4 Estate Appraisal") as Debtors' Real Estate Appraiser and Consultant ("Application").

5 1. This declaration is based upon my personal knowledge of the facts set forth herein.

6 2. I am the General Counsel of Hilco Trading Co., Inc. ("Hilco Trading"), a member
 7 of Hilco Real Estate, which maintains an office at 5 Revere Drive, Suite 320, Northbrook, Illinois
 8 60062. Hilco Real Estate Appraisal is wholly owned by Hilco Real Estate. (Hilco Real Estate and
 9 Hilco Real Estate Appraisal shall be referred to herein collectively as "Hilco"). Hilco is a member
 10 of the Hilco Trading family of companies that are recognized as national leaders in the provision
 11 of disposition and appraisal services. The Hilco Trading companies offer the unique abilities to
 12 value and monetize assets of all types, including retail, wholesale, and industrial inventory,
 13 machinery, equipment, and fixtures, receivables, and real estate. Hilco has successfully appraised,
 14 disposed of and provided consulting services regarding real estate in numerous bankruptcy
 15 proceedings and out of court restructurings, including in Worldcom, Inc., Burlington Industries,
 16 Homelife, Scotty's, Hechinger, Heilig Meyer, Sportmart, Cherins, Sun TV, Filene's Basement,
 17 Trak Auto, Homeland, Paul Harris, MSOP, and McWhorter's.

18 3. The Debtors in this case propose to employ Hilco to provide real estate appraisal
 19 services and, as necessary, real estate consulting services, advisory services, disposition services
 20 and expert witness services. I understand that the Debtors have selected Hilco because of Hilco's
 21 broad national reach in the real estate marketplace, Hilco's vast experience in conducting
 22 valuations of the various types of properties securing the loans, the variety and scope of services
 23 which Hilco can provide and Hilco's excellent reputation in the industry. I also understand that
 24 the Debtors were favorably impressed with Hilco's competitive proposal which provides the
 25 necessary flexibility to assist Mesirow in determining the value properties securing the loans.

26 4. The Debtors have been provided by Hilco a proposed Real Estate Consulting and
 27 Advisory Services Agreement ("Agreement") which outlines the services to be performed by
 28 Hilco for the Debtors. A copy of the Agreement is attached to the Application as Exhibit B.

1 Under the terms of the Agreement, Hilco has been requested to provide to the Debtors the
2 following services:

3 a. Valuation Services. Hilco will perform valuations of the properties
4 securing the loans serviced by Debtors. Specifically, Hilco will provide a range of valuation
5 reports, as directed by Mr. Allison, the Debtor's Chief Restructuring Officer, in his discretion,
6 determined by, among other things, the presence or absence of a current appraisal for a given
7 property, the reliability of any existing appraisal and the payment history and/or status of the loan.
8 As such, Hilco may provide a full written valuation report in conjunction with a site inspection, or
9 it may provide a less rigorous, less detailed valuation using information which is publicly
10 available.

11 b. Expert Witness, Consulting and Advisory Services. The Agreement also
12 contemplates that Hilco will provide, as requested by the Debtors (1) expert witness services,
13 including court testimony and deposition testimony, as necessary, on real estate matters; (2)
14 consulting services concerning the status of various properties and real estate issues relating to
15 delinquent or defaulted loans; and (3) advisory services relating to funding new loans, if any, or
16 funding loans which currently are unfunded or under-funded.

17 c. Disposition Services. In addition, Hilco will provide, as necessary and as
18 requested by the Debtors, services relating to the disposition of properties which the Debtors
19 acquire through foreclosure, settlement or otherwise. Such services include developing and
20 designing a marketing program, coordinating and organizing bidding procedures to maximize the
21 value realized from the sale of properties, and negotiating sales of properties as directed by the
22 Debtors.

23 5. In order to determine any connection of Hilco with respect to the Debtors, creditors
24 or any other party in interest, their respective attorneys and accounts, the United States Trustee, or
25 any person employed in the office of the United States Trustee, Hilco has performed a search of its
26 electronic search of its databases with respect to the Debtors and all parties as identified in Exhibit
27 1, attached hereto and incorporated herein by this reference. Except as set forth on Exhibit 2
28 attached hereto, Hilco does not have any connection with the Debtors, their creditors or any other

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1 party in interest, their respective attorneys and accounts, the United States Trustee, or any person
 2 employed in the office of the United States Trustee. Because of the number of interested parties in
 3 this case, it is possible that Hilco may be retained by or have been retained by other creditors of
 4 the Debtors but is not currently retained by any such creditors in connection with this case. Hilco
 5 presently or in the past has served as a professional person in other matters, wholly unrelated to
 6 the Debtors, in which other attorneys, accountants and other professionals of the Debtors,
 7 creditors, or other parties in interest may have also served or serve as professional persons.

8 6. Hilco has not been within the last three years before the filing of these chapter 11
 9 cases an attorney for an investment banker for a security of the Debtors in connection with the
 10 offer, sale or issuance of a security of the Debtors within the meaning of section 101(14) of the
 11 Bankruptcy Code.

12 7. Neither Hilco, nor any officer or employee thereof, is or was a director, officer or
 13 employee of the Debtors or of an investment banker as defined in section 101(14)(B) or (C) of the
 14 Bankruptcy Code within two years before the date of the filing.

15 8. Hilco does not have an interest materially adverse to the interest of the estate or of
 16 any class of creditors or equity security holders, by reason of any direct or indirect relationship

17 9. To the best of my knowledge Hilco is a "disinterested person" within the meaning
 18 of 11 U.S.C. 101(14), and holds no interest adverse to the estate and has no connection or relation
 19 to the Debtors, creditors, or any other party in interest, their respective attorneys and accountants,
 20 the United States Trustee, or any person employed in the office of the United States Trustee.

21 DATED this 5th day of May, 2006.

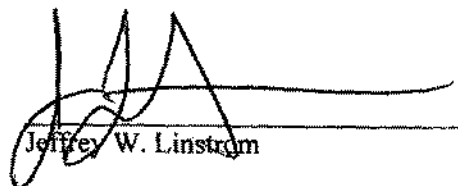
22
 23 
 24 Jeffrey W. Linstrom
 25
 26
 27
 28

EXHIBIT “1”

HILCO ELECTRONIC CONFLICTS CHECK LIST

DEBTOR AND COUNSEL

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Jeanette E. McPherson
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USA Commercial Mortgage
USA Capital Realty Advisors, LLC
USA Capital Diversified Trust Deed Fund, LLC
USA Capital First Trust Deed Fund, LLC
USA Securities, LLC
Thomas J. Allison
4484 South Pecos Road
Las Vegas, NV 89121

THE UNITED STATES TRUSTEE

Office of the U.S. Trustee
600 Las Vegas Blvd., South, Ste. 430
Las Vegas, NV 89101

USA COMMERCIAL MORTGAGE COMPANY-20 LARGEST UNSECURED CREDITORS

Bunch, Dell
1909 Red Robin Court
Las Vegas, NV 89134

Special Order Systems
575 Menlo Drive, Suite 4
Rocklin, CA 95765

Peterson, Michael
c/o John F. O'Reilly
O'Reilly Law Group, LLC
325 South Maryland Parkway
Las Vegas, NV 89101

Goolde Patterson Ales & Day
4496 So. Pecos Rd.
Las Vegas, NV 89121

Advanced Information Systems
4270 Cameron Street, Suite #1
Las Vegas, NV 89121

Paris Line LLC
4759 Illustrious Street
Las Vegas, NV 89147

Pecos Professional Park
4484 South Pecos Park
Las Vegas, NV 89121

RD Advertising
3230 E. Flamingo Road, #8-532
Las Vegas, NV 89121

Annee of Paris Coiffures, Inc.
8049 Pinnacle Peak
Las Vegas, NV 89113

Haspinov, LLC
4484 South Pecos Rd.
Las Vegas, NV 89121

USA Commercial Real Estate Group
4484 South Pecos Rd
Las Vegas, NV 89121

U.S. Bank
P.O. Box 790179
Saint Louis, MO 63179-0179

Bank of America
P.O. Box 30750
Los Angeles, CA 90030-0750

Citibank
P.O. Box 26901
San Francisco, CA 94126

West Coast Life Insurance Company
P.O. Box 11407
Birmingham, AL 35246-0078

Wells Fargo Bank
MAC T5601-012
P.O. Box 659700
San Antonio, TX 78286-0700

Russell AD Development Group, LLC
P.O. Box 28216
Scottsdale, AZ 85255

Scotsman Publishing, Inc.
P.O. Box 692
Bothell, WA 98041-0692

Nevada State Bank
P.O. Box 990
Las Vegas, NV 89125-0990

Nevada Department of Taxation
P.O. Box 52674
Phoenix, AZ 85072-2674

USA Capital Realty Advisors, LLC –Only Unsecured creditors

Kummer, Kaempfer, Bonner & Renshaw
3800 Howard Hughes Pkwy., 7th Floor
Las Vegas, NV 89109

InterShow
The Githler Center
1258 North Palm Ave.
Sarasota, FL 34236

USA SECURITIES, LLC – ONLY UNSECURED CREDITORS

James Hull
c/o Signature Financial
2601 Airport Drive
Torrance, CA 90505

George Gorman
c/o Financial West Group
4510 E. Thousand Oaks Blvd.
Thousand Oaks, CA 91362

R. Hagmaier
c/o Financial West Group
4510 E. Thousand Oaks Blvd.
Thousand Oaks, CA 91362

Tim Rich
c/o Financial West Group
4510 E. Thousand Oaks Blvd.
Thousand Oaks, CA 91362

USA CAPITAL FIRST TRUST DEED FUND - 20 LARGEST EQUITY INTERESTS

R.T. Enterprises, Robert E. Taylor, GP
1535 Flynn Road
Camarillo, CA 93012

Robert E. Taylor
1535 Flynn Road
Camarillo, CA 93012

Robert E. Taylor, President
1535 Flynn Road
Camarillo, CA 93012

William Edwards
12550 5th St. East
Treasure Island, FL 33706

Robert G. Berry Jr. And Jeannette K. Berry
4460 Mountaingate Dr.
Reno, NV 89509

The Toni Antonacci Trust
6341 N. Stephanie #210
Henderson, NV 89014

Katz 2000
Sara M. Katz and Jack Katz TTEE
4484 S. Pecos Rd.
Las Vegas, NV 89121

Jack And Sylvia Goldenthal
20155 NE 38th Ct. Unit 1603
Aventura, FL 33180

Mary E. And Matthew J. Moro, JTWROS
1009 8th ST
Manhattan Beach, CA 90266

Wen Baldwin Separate Property Trust
365 Dooley Drive
Henderson, NV 89015

Gwen Melonas Family Trust
10633 Paradise Point
Las Vegas, NV 89134

Kohler Living Trust
Guenther A. and Elfriede Kohler
842 Overlook Court
San Mateo, CA 94403

Aristotle S. Melonas
7240 Night Heron Way
North Las Vegas, NV 89084

John Warner Jr., IRA
c/o First Savings Bank
2605 East Flamingo RD
Las Vegas, NV 89121

Steven M. And Margaret W. Terry Trust
113 Worthen Circle
Las Vegas, NV 89145

Andrew And Ellen Dauscher
P.O. Box 10031
Zephyr Cove, NV 89448

William W. Miller
P.O. Box 247
St. George, UT 84771

James J. Tanaka, IRA
Retirement Accounts, Inc.
P.O. Box 173785
Denver, CO 80217-3785

Richard G. Woudstra Revocable Trust
Richard G. Woudstra, TTEE
P.O. Box 530025
Henderson, NV 89053

Donna Luttel And Gerhard Luttel And Gwendolyn
Allred
P.O. Box 35425
Las Vegas, NV 89133

USA COMMERCIAL MORTGAGE CO. - 20 LARGEST INVESTORS

USA Capital Diversified Trust Deed Fund
4484 S. Pecos Rd.
Las Vegas, NV 89121

USA Capital First Trust Deed Fund
4484 S. Pecos Rd.
Las Vegas, NV 89121

Fertitta Enterprises, Inc.
2960 W. Sahara Ave., Suite 200
Las Vegas, NV 89102

Robert J. Kehl & Ruth Ann Kehl
4963 Mesa Capella Dr.
Las Vegas, NV 89148

Helms Homes, LLC
809 Upland Blvd.
Las Vegas NV 89107

Terry Helms Living Trust
809 Upland Blvd.
Las Vegas NV 89107

Rocklin/Redding LLC
278 Sussex St.
Carson City, NV 89702

Arthur Polacheck and Glorianne Polacheck
2056 Woodlake Cir.
Deerfield Beach FL 33442

Homfeld II, LLC
777 South Federal Highway
Suite N-409
Pompano Beach, FL 33062

Larry L. Rieger & Patsy R. Rieger Revocable
Trust
2615 Glen Eagles Dr.
Reno, NV 89523

Charles B. Anderson Trust
211 Copper Ridge Court
Boulder City, NV 89005

James W. McCollum & Pamela P. McCollum
1011 F. Avenue
Coronado, CA 92118

Cardwell Family Trust
505 East Windmill Ln. 1-B-158
Las Vegas, NV 89123

Dennis Flier, Inc. Defined Benefit Trust
20155 Porto Vita Way 1803
Aventura, FL 33180

MLH Family Investment Limited
8912 E. Pinnacle Peak Rd. F9-602
Scottsdale, AZ 85255

Donald S. Tomlin & Dorothy R. Tomlin
Revocable Trust
7145 Beverly Glen Ave.
Las Vegas, NV 89110

USA Commercial Mortgage Company
4484 S. Pecos Rd.
Las Vegas, NV 89121

Eric Lynn Lester and Cassie Lester
500 W. Goldfield Ave.
Yerington, NV 89447

Dennis Raggi
P.O. Box 10475
Zephyr Cove, NV 89448

August J. Amaral, Inc.
P.O. Box 70097
Reno, NV 89570

USA CAPITAL DIVERSIFIED TRUST DEED FUND - 20 LARGEST INTERESTS

Herman M. Adams Or Brian M. Adams Or
Anthony G. Adams
1341 Cashman Dr.
Las Vegas, NV 89102

Kantor Nephrology Consultants
Gary Kantor, Trustee
1750 East Desert Inn, Suite 200
Las Vegas, NV 89109

Dr. Gary Kantor
2816 Vista Del Sol
Las Vegas, NV 89120

Robert G. Worthen
112 Worthen Cir.
Las Vegas, NV 89145

Katz 2000 Separate Property Trust
Sara M. Katz, Managing Trustee
4484 S. Pecos Rd.
Las Vegas, NV 89121

Kusum Desai, MD
3093 Red Arrow Dr.
Las Vegas, NV 89134

AAA OM Financial, LLC
3093 Red Arrow Dr.
Las Vegas, NV 89134

Thomas C. Lawyer Family Trust
45 Ventana Canyon Dr.
Las Vegas, NV 89113

John Parker Kurlinski & Claire Sawyer
Kurlinski Revocable Trust
John and Clair Kurlinski, TTEEs
3322 Beam Drive
Las Vegas, NV 89118

The L. E. And J. G. Blair Family Trust
Lloyd E. Blair TTEE
1931 Quail Creek Ct.
Reno, NV 89509-0671

Charles O. Nichols And Flora A. Nichols
2561 Seascape Dr.
Las Vegas, NV 89128

Emona Dental Studios, Inc. Pension And Profit
Sharing Plans
4043 Chalfont St.
Las Vegas, NV 89121

Childrens Dental Group, Inc. Defined Benefit
Pension Plan
413 Canyon Greens Dr.
Las Vegas, NV 89144

Frank Reale, DC
6908 Emerald Springs Lane
Las Vegas, NV 89113

Michaelian Holdings, LLC
413 Canyon Greens Dr.
Las Vegas, NV 89144

Molitch 1997 Trust
Matthew Molitch, Trustee
2251 N. Rampart, #185
Las Vegas, NV 89128

First Trust Company Of Onaga C/F Jean-
Jacques Leblanc IRA
301 Leonard
Onaga, KS 66521

Everett H. Johnston Family Trust
P.O. Box 3605
Incline Village, NV 89450

The Gannaway Charitable Remainder Trust
Peyton and Patrick
Crystal Bay, NV 89402

The 2003 Richard N. Krupp, Charitable
Remainder Unitrust
Frank Hatfield, Trustee
P.O. Box 1119
San Marcos, CA 92079

OTHER PARTIES

Nevada Mortgage Lending Division
3075 East Flamingo #100
Las Vegas, NV 89121

U.S. Securities and Exchange Commission
Attn: Sarah D. Moyed, Esq.
5670 Wilshire Blvd., Suite 1100
Los Angeles, CA 90036-3648

Pension Benefit Guaranty Corporation
Office of the Chief Counsel
1200 K. Street, N.W.
Washington, D.C. 20005-4026

Department of Employment Training
Employment Sec Div, Contributions Section
500 East Third Street
Carson City, NV 89713-0030

DMV and Public Safety Records Section
555 Wright Way
Carson City, NV 89711-0250

Employers Insurance Co. of NV
Attn: Bankruptcy Desk
9790 Gateway Drive
Reno, NV 89521-5906

NV Dept of Taxation
Bankruptcy Division
555 East Washington, #1300
Las Vegas, NV 89101

Internal Revenue Service
Attn: Bankruptcy Dept.
Stop 5028
110 City Parkway
Las Vegas, NV 89106

NV Department of Taxation
Revenue Division
Capitol Complex
Carson City, NV 89710-0003

Office of Labor Commissioner
555 East Washington Ave., Suite 4100
Las Vegas, NV 89101

U.S. Attorney
District of Nevada
323 Las Vegas Blvd. So, #5000
Las Vegas, NV 89101

United States Dept. of Justice
Tax Division – Western Region
P.O. Box 683 – Ben Franklin Station
Washington, D.C. 20044

District Counsel
Internal Revenue Service
110 City Parkway
Las Vegas, NV 89106

Internal Revenue Service
Ogden, UT 84201

FHA/HUD
District Office
333 North Rancho Dr., #700
Las Vegas, NV 89106-3797

Dept. of Veterans Affairs
Loan Service and Claims
3225 North Central
Phoenix, AZ 85012

Clark County Treasurer
c/o Bankruptcy Clerk
P.O. Box 551220
Las Vegas, NV 89155-1220

Clark County Assessor
c/o Bankruptcy Clerk
P.O. Box 551401
Las Vegas, NV 89155-1401

NOTICES OF APPEARANCE/REQUESTS FOR NOTICE
--

Martin B. Weiss, Esq.
The Garrett Group, LLC
One BetterWorld Circle, Suite 300
Temecula, CA 92590

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Goold Patterson, Alex & Day
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Las Vegas, NV 89121

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Attorney for Margaret B. McGimsey Trust et al (USA Capital Diversified Trust Deed Fund)
601 East Charleston Blvd.
Las Vegas, NV 89104

Janet L. Chubb, Esq.
JONES VARGAS
Attorneys for Joseph Donnolo, Loretta Donnolo, Mark Donnolo (USA Capital Realty Advisors)
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Reno, NV 89504-0281

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c/o David W. Mounier
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Escondido, CA 92025

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Henderson, NV 89052

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Las Vegas, NV 89109

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c/o Jay R. Eaton
Eaton & O'Leary, PLLC
115 Grove Avenue
Prescott, AZ 86301

Kermit Kruse
2710 Albany Avenue
Davis, CA 95616

Attila Jefzenszky
1720 Colavita Way
Reno, NV 89521

Vince Danelian
c/o Edward J. Hanigan, Esq.
199 N. Arroyo Grande Blvd., #200
Henderson, NV 89074

Paul & Donna Jacques
810 SE 7th Street, A103
Deerfield Beach, FL 33441

Peter Bolino
17412 Serene Drive
Morgan Hill, CA 95037

EXHIBIT “2”

Exhibit 2

- (a) In matters unrelated to these chapter 11 cases, Hilco and/or certain of its affiliates have performed asset disposition and appraisal services for the following creditors of the Debtors (and/or affiliates of such creditors): (i) Citibank, N.A., (ii) Bank of America, and (iii) Wells Fargo Bank. In addition, in a matter unrelated to these chapter 11 cases, Bank of America is considering to providing financing to an affiliate of Hilco.
- (b) In a matter unrelated to these chapter 11 cases, an affiliate of Hilco is utilizing the investment banking services of Meisrow in connection with the possible sale of a portfolio company.
- (c) In a matter unrelated to these chapter 11 cases, Wells Fargo and/or its affiliates is a co-lender to Hilco Trading Co., Inc. and Hilco Receivables, LLC pursuant to two separate loan facility agreements.

Because of the magnitude of these cases, it is possible that Hilco or its affiliates may represent or may have represented other creditors of one or more of the Debtors, but does not represent any such creditors in connection with these cases. Hilco or its affiliates presently or in the past have served as a professional person in other matters, wholly unrelated to the Debtors or these cases, in which other attorneys, accountants and other professionals of the Debtors, creditors, or other parties in interest may have also served or serve as professional persons.

EXHIBIT “B”

REAL ESTATE CONSULTING AND ADVISORY SERVICES AGREEMENT

This Agreement is entered into as of May 1, 2006, by and between Hilco Real Estate, LLC and Hilco Real Estate Appraisal, LLC (collectively, "Hilco"), and USA Commercial Mortgage Company; USA Capital Realty Advisors, LLC; USA Securities, LLC; USA Capital First Trust Deed Fund, LLC and USA Capital Diversified Trust Deed Fund, LLC (collectively, the "Companies" or "Debtors"), which have filed voluntary petitions for relief under Chapter 11 of the Title 11 of the United States Code (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Southern District of Nevada (the "Bankruptcy Court") subject to notice and Bankruptcy Court approval, and the Debtors hereby agree to retain Hilco with respect to the valuation of certain real estate serving as collateral for loans by the Debtors, expert witness and consulting and advisory services relating to the Debtors real estate loans analysis and disposition of Company's right, title and interest in any owned properties that the Debtors may acquire through foreclosures or otherwise in their chapter 11 cases.

Recitals:

A. The Companies are in the business of originating, underwriting, brokering and servicing commercial loans or fractional interests therein.

B. The Companies desire to retain a real estate services firm to provide the Debtors with valuation services, expert witness and consulting and advisory services and disposition services in connection with the real estate projects that serve as collateral for the loans they have made. The valuation services are also necessary in connection with the Debtors' debtor-in-possession financing efforts. The Debtors require such services to maximize the value of the estates.

C. Hilco is one of the leading national providers of real estate valuation, consulting and advisory and disposition services and the Debtors desire to retain Hilco on the terms set forth herein to perform such services in their chapter 11 cases.

Agreement:

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtors and Hilco agree as follows:

1. **Valuation Services.** At the Debtors' request, Hilco shall perform valuations of all of the real estate serving as collateral for the loans made by the Debtors (the "Valuation Services").

2. **Expert Witness, Consulting and Advisory Services.** At the Debtors' request, Hilco shall provide real estate consulting and advisory services in connection with assisting the Debtors' maximizing the value of their estates (the "Expert Witness, Consulting and Advisory Services"). Such services may include collectively:

- (a) preparing for and providing expert witness testimony before the Bankruptcy Court on real estate matters including depositions;

- (b) consulting with the Debtors' on the status of various real estate projects on which the Debtors have made loans;
- (c) consulting with the Debtors on the real estate aspects of any defaulted loans; and
- (d) advising the Debtors' as to the real estate aspects of making further loans with respect to specific projects.

3. Disposition Services. At the Debtors' request as to any specific properties, serve as the Debtors' real estate disposition agent in connection with any designated property that the Debtors may gain control or ownership of in connection with the workout of any defaulted loans during their chapter 11 cases. Such services may include (collectively, the "Disposition Services"):

- (a) Developing and designing a marketing program for the sale and/or assignment of the designated properties.
- (b) In conjunction with the Debtors, Hilco will coordinate and organize any bidding procedures and sale process in order to maximize the attendance of all interested bidders for the sale and assignment of any of the designated properties.
- (c) At the Debtors direction, negotiate the terms of the purchase agreements for the sale and assignment of the designated properties.
- (d) Reporting periodically to Company regarding the status of negotiations as to the designated properties.

4. Term. Subject to the entry of an order of the Bankruptcy Court (the "Order"), the term of this Agreement shall commence upon the execution hereof and shall expire 12 months from the date of this Agreement; provided, however, that Hilco or the Company may terminate this Agreement for cause upon thirty (30) days prior written notice to the other, without prejudice to Hilco's rights pursuant to Section 6 below and subject to payment of all fees and expenses then due and owing.

5. Authority. Hilco shall have the sole and exclusive authority to offer the any properties for which the Debtors gain control of or acquire ownership of through foreclosure or otherwise on an "exclusive right to sell" basis, subject to the terms hereof. Hilco shall promptly advise the Companies and their counsel of all offers made with respect to such properties, and the Debtors shall retain the sole and exclusive discretion to accept or reject any proposal and Hilco shall have no authority to bind the Debtors without the Debtors' express written approval. Hilco is authorized only to negotiate the terms of the sale/assignment agreements at the direction and on the behalf of the Debtors, but not to commit the Debtors to any such agreement or arrangement or to sign any instrument on behalf of the Debtors without the Debtors' express consent.

6. Compensation. As compensation for Hilco's services, Hilco shall be paid the following fees:

- (a) Valuation Services. For the Valuation Services, Hilco shall be paid a fee of \$300,000 (the "Base Valuation Fee"). Included within the Base Fee is a desk-top valuation review of all the real estate projects serving as collateral for the Debtors' loans and a full written valuation report on up to 40 projects. In the event that the Debtors require as part of the Valuation Services that Hilco perform full written report valuations on more than 40 projects, then in addition to the Base Valuation Fee, Hilco shall be paid an additional fee of \$5,000 per project. The Base Valuation Fee shall be paid in three monthly increments of \$100,000 on May 31, 2006, June 30, 2006 and July 31, 2006. Any additional fees shall be paid within 30 days of the delivery of the written reports.
- (b) Expert Witness, Consulting and Advisory Services. For the Expert Witness, Consulting and Advisory Services, Hilco shall be paid on an hourly fee basis utilizing the following hourly rates for its employees:
 - (i) Senior Professionals: \$450 per hour
 - (ii) Midlevel Professionals: \$350-400 per hour
 - (iii) Junior Level Professionals: \$250-300 per hour
 - (iv) Administrative Staff: \$100 per hour.

The fees for the Expert Witness, Consulting and Advisory Services shall be invoiced on a monthly basis and paid in accordance with the interim and final professional fee payment procedures approved by the Bankruptcy Court in the Debtors' chapter 11 cases.

- (c) Disposition Services. For the Disposition Services, Hilco shall be paid a disposition fee on a sliding scale basis out of gross proceeds of any particular sale of a property for which the Debtors' have requested Hilco to perform disposition services determined as follows:

Gross Proceeds	Fee
\$0-\$5,000,00	5%
\$5,000,001-\$10,000,000	4%
\$10,000,001-\$20,000,000	3%
\$20,000,001 and over	1.5%

“Gross Proceeds” shall mean the total amount of cash paid by the buyer(s) of any designated properties. In the event that the method of selling real estate for which the Debtors’ have requested Hilco to perform disposition services to an end user or real estate investor is through the sale of a loan, then Gross Proceeds shall mean the amount of cash paid by the buyer for such loan; provided, however that Hilco shall not be entitled to any disposition fees on the sale of loans to other lenders or investors in loans, but only when such loans sales are the vehicle to accomplish the transfer of control of real estate to an end user or real estate investor. The amounts owing to Hilco for the disposition of the Properties shall be paid directly out of Gross Proceeds at the time of closing of the disposition transaction for such property. As an example of how the above fee structure works, if the Gross Proceeds for the sale of a property is \$6,000,000, Hilco would be entitled to a fee of \$290,000 (calculated as \$5 million times 5% plus \$1 million times 4%).

7. Costs. All Expenses (defined below) shall be borne by the Company and Hilco shall be entitled to reimbursement from the Company for all Expenses. Billing shall be monthly and invoices are due not later than thirty (30) days after the date of invoice. “Expenses” means all reasonable out-of-pocket expenses incurred by Hilco in connection with its performance of its services hereunder. Expenses shall include, without limitation: reasonable expenses of all advertising, marketing, coach travel and transportation, including, the cost of out-of-town travel, long distance telephone charges and postage and courier/overnight express fees, and other expenses incurred in connection with performing the services required by this Agreement.

8. Survival. If within one hundred and twenty (120) days after the expiration of the term of this Agreement, or any extension thereof, the Company and any third party should enter into a written agreement providing for the sale and/or assignment or other disposition of a Property (as to which such agreement was not entered into during the term hereof) Hilco shall be entitled to a fee in accordance with the terms of this Agreement.

9. Successors and Assigns. Hilco shall be entitled to compensation for services rendered and this Agreement shall be binding upon the Company or any successor or assignee including but not limited to, a Chapter 11 or 7 trustee, examiner or liquidator.

10. Exclusive. During the term of this Agreement, Hilco shall be the sole and exclusive valuation and disposition agent retained by the Debtors. The Company acknowledges that Hilco or its affiliated entities may be engaged to sell or market similar assets by other persons or entities, and that any such engagement shall not constitute or be deemed to be a violation of this Agreement.

11. Indemnification.

- (a) The Companies shall indemnify and hold harmless the Hilco, its officers, employees, members, affiliates, successors and assigns, (collectively, the “Hilco Indemnitees”) from any and all attorneys’ fees, causes of action, claims, contentions, contracts, costs, covenants, damages, demands, expenses, injuries, liabilities losses and obligations (collectively, the “Claims”), actually incurred by the Hilco Indemnitees which may

hereinafter be asserted or arise in connection with the Agreement; except those that may be subsequently determined by a court of competent reasonable litigation costs and expenses associated therewith, including the actual attorneys' fees incurred by counsel selected by Hilco. The foregoing indemnification shall survive the expiration or termination of this Agreement.

- (b) The Hilco shall indemnify and hold harmless the Companies, their officers, employees, members, affiliates, successors and assigns, (collectively, the "Company Indemnitees") from any and all attorneys' fees, causes of action, claims, contentions, contracts, costs, covenants, damages, demands, expenses, injuries, liabilities losses and obligations (collectively, the "Claims"), actually incurred by the Companies Indemnitees which may hereinafter be asserted or arise in connection with Hilco's retention of brokers, agents or other representatives who thereafter assert any claims against the Company relating to the services to be provided by Hilco hereunder.

12. General Provisions.

- (a) The Company and Hilco shall deal with each other fairly and in good faith so as to allow both parties to perform their duties and earn the benefits of this Agreement.
- (b) The effectiveness of this Agreement is subject to and contingent upon the entry of the Order under section 327 and 328 of the Bankruptcy Code, in form and substance acceptable to Hilco, authorizing the Debtor's entry into this Agreement, which Debtor agrees to use its reasonable efforts to obtain.
- (c) The Company recognizes and acknowledges that except as to the Expert Witness, Consulting and Advisory Services, the services to be provided by Hilco pursuant to this Agreement are, in general, transactional in nature, and Hilco will not be billing the Company by the hour or maintaining time records. As for the Expert Witness, Consulting and Advisory Services, Hilco shall maintain contemporaneous hourly time records. As to the Valuation Services and the Disposition Services, it is agreed that Hilco is not requested or required to maintain such time records and that its compensation will be fixed on the fees set forth herein in Section 4(a) and (c) above.
- (d) Any correspondence or required notice shall be addressed as follows:

If to Hilco: Hilco Real Estate, LLC
5 Revere Drive
Suite 320
Northbrook, Illinois 60062
Tel. (847) 714-1288
Fax (847) 714-1289
Attn: Mitchell P. Kahn

If to the Companies: USA Capital
4484 South Pecos Road
Las Vegas, Nevada 89121
Tel. (702) 734-2400
Fax (702) 967-6897
Attn: Thomas Allison

- (e) This Agreement shall be deemed drafted by both parties hereto, and there shall be no presumption against either party in the interpretation of this Agreement.
- (f) Any and all issues, disputes, claims or causes of action which relate or pertain to, or result or arise from this Agreement or Hilco's services hereunder, shall be settled by the Bankruptcy Court.
- (g) By executing or otherwise accepting this Agreement, Company and Hilco acknowledge and represent that they are represented by and have consulted with independent legal counsel with respect to the terms and conditions contained herein.
- (h) The Parties hereto agree, and the Company hereby expressly acknowledges, that Hilco has not guaranteed the Company any return with respect to the disposition of any properties.
- (i) This Agreement may be executed in original counterparts, and if executed and delivered via facsimile shall be deemed the equivalent of an original.
- (j) This Agreement creates no third-party beneficiaries.

* * *

IN WITNESS WHEREOF, Company and Hilco have executed and delivered this Agreement as of the date first above written.

On Behalf of the Debtors

By: _____

Title: _____

Date: _____

By: _____

Mitchell P. Kahn

Title: President

Date: _____